HAI Input	Problem With Default Input
1. Fraction of Aerial Structure Assigned to Telephone 2. Fraction of Buried Structure Assigned to Telephone 3. Fraction of Underground Structure Assigned to Telephone	The HAI model, like the cable placement costs, assumes unreasonable sharing percentages for structure investments. These sharing percentages do not reflect SWBT's actual experience in placement of facilities, or a proper forward-looking view.

The SBC LECs commend the efforts of Dr. Gable[16] to use publicly available data for development of the cost proxy inputs, and believe the evaluations and input of disinterested third parties can be very worthwhile. Dr. Gabel's use of statistical techniques to estimate input values is a reasonable approach. However, the SBC LECs believe that additional improvements are necessary before this technique would produce satisfactory input values.

The basic premise of Dr. Gabel's paper is that many of the input values used by both the HAI and BCPM models can be estimated using publicly available data. Although the Turner Index (which he uses as telephone plant indexes to convert historical cost of telephone plant into current cost) is a proprietary data set and there are a few rough edges in his paper that may present problems in applying the model to large LECs, Dr. Gabel's application offers an approach which merits further examination.

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[16] David H. Gabel, "Estimating the Cost of Switching and Cables Based on Publicly Available Data," National Regulatory Research Institute, April, 1998.

VII. THE COMMISSION SHOULD ADOPT AN AFFORDABILITY-BASED REVENUE BENCHMARK

Maintaining affordable universal service while opening local and long distance service markets to robust competition is the challenge facing federal and state regulators. Section 254(i) of the Act states that: "The Commission and the States should ensure that universal service is available at rates that are just, reasonable, and affordable." The Telecommunications Act of 1996 correctly contemplated a shared regulatory responsibility for affordable universal service because the network components that provide access for local calling are also used to complete calls to interstate destinations.

Incumbent LECs currently charge end users interstate End User Common Line ("EUCL") prices as well as intrastate local exchange service prices to recover the costs of providing universal service. Regulators in both jurisdictions have historically required customers in urban areas, and in particular high volume customers in these urban areas, to support customers in rural areas. Incumbent LECs generally encounter higher costs to provide universal service to rural areas. Customers in urban areas help support the recovery of higher cost rural areas by paying higher prices than would be required by the market place. At the same time, regulators have held the prices charged to customers in rural areas artificially low. The support received from urban customers through higher prices makes up the difference between the costs the ILEC incurs to provide universal service to rural areas and the revenues generated by the prices regulators have permitted the ILEC to charge its rural customers. In the case of the interstate EUCL charge, the FCC currently requires incumbent LECs to cap the charge at $3.50 to their primary residence line

and single line business customers in all geographic areas. Interexchange carriers pay higher switched access charges for the implicit support that recovers the remaining interstate loop costs that exceed the $3.50 EUCL charge.

The existing interstate and intrastate universal service support mechanisms have had "lower universal service prices" as their stated public policy objective. The Act requires new rigor to be added to the process of ensuring universal service to all geographic areas. The Act requires federal and state regulators to overlay the principle of "affordable" prices to their support mechanisms. Regulators should define affordability from a public policy perspective to be the customer's ability to bear the cost (charges) for universal service. This is an entirely reasonable approach because it has the effect of making customers in a particular geographic area the focal point of the public policy exercise. This public policy exercise is conducted with the intent of determining whether it is reasonable for them to pay for their universal service or whether support is necessary to ensure affordable prices.

The principle of affordability is best addressed by implementing an appropriate revenue benchmark. This revenue benchmark should approximate the level above which the combined federal and state charges for universal service should be considered unaffordable to end users from a public policy perspective. Universal service support would be available to eligible telecommunications carriers that would have to charge prices above an affordability-based revenue benchmark in order to recover their costs of providing the universal service definition. A cost benchmark is flawed because it delivers support to a company when a cost threshold is exceeded regardless of whether the company's customers can afford to pay for their universal

service. One cannot assume that the costs of an area characterize the ability of the customers within that area to pay for universal service.

SBC believes that the FCC should adopt a multi-step approach to the development of an affordability-based revenue benchmark. A multi-step approach will allow additional Joint Board work to be undertaken to determine and agree upon an affordability-based revenue benchmark. Joint Board agreement would be preferable because the revenue benchmark should represent the total charges, federal as well as state, that customers pay for universal service. The following steps should be taken to ensure that universal service support remains available while transitioning to a full affordability-based revenue benchmark.

A. Initialize the new federal universal service funding mechanism Timeframe: Immediate

The Commission should identify the total amount of implicit and explicit universal service support within existing funding mechanisms. The total support should also be identified by jurisdiction which will be used as a guide to determine jurisdictional responsibility when the federal universal service mechanism is modified to address the final stages of implementation.

- Existing universal service support is calculated by subtracting the total revenues generated by interstate and intrastate prices charged for the universal service definition (local exchange service prices plus interstate EUCL charges) from the total actual cost of providing universal service. It is critical that the revenues not include revenues associated with services such as intraLATA toll, access and vertical services that implicitly support universal service. Including intraLATA toll, access and vertical service revenues in the calculation will maintain the implicit support in these prices, which is inconsistent with the requirement to make support explicit.

- The total amount of implicit and explicit support that is currently funded within the interstate jurisdiction should be identified as follows:

  -- CCL/PICC and LTS
  -- Current High Cost Fund
  -- Weighted DEM
  -- Low income support

- The amount of implicit and explicit support currently funded within the intrastate jurisdiction can be estimated by subtracting the interstate support described above from total universal service support. The current amounts of interstate and intrastate support should be expressed as a percentage of the total. This percentage will be used in subsequent steps to maintain the existing FCC/State Commission jurisdictional responsibility for funding universal service.

- The existing interstate support levels should be funded explicitly with the new federal support mechanism. Carriers should be assessed universal service contribution charges based upon their share of total interstate end user revenues. The existing interstate universal service support should be expressed on a per line basis for each study area. All eligible telecommunications carriers would qualify to receive support on a per line basis.

B. Implement a transitional revenue benchmark
Timeframe: January 1999

A Joint Board and the FCC should immediately begin the task of identifying, recommending and adopting affordability-based revenue benchmarks. The FCC should implement these affordability-based revenue benchmarks in its federal universal service support mechanism no later than July 2000. The FCC should adopt a transitional revenue benchmark for use while it and the Joint Board complete their deliberations. The transitional revenue benchmark should be calculated for each of SBC's study areas using the total universal service revenues identified in Step 1 above and expressing this amount on a statewide average revenue per line basis. Separate transitional revenue benchmarks can be developed for residence and

business lines. These transitional revenue benchmarks represent the average revenue generated by the universal service prices that SBC's customers currently pay. This is a reasonable interim step because these current prices have not been found to be unaffordable from a public policy perspective. Universal service support should be determined as follows:

- Identify actual universal service costs by wire center.
- Compare the actual wire center universal service costs to the transitional revenue benchmarks. If the wire center costs exceed the benchmark, then the difference between costs and the benchmark is the universal service support per line. This calculation should be made for all wire centers in a study area.
- The universal service support needed for a study area should be determined by summing the support needed for all wire centers in the study area. The interstate percentage calculated in Step 1 should be applied to the total study area universal service support. This calculation will identify the amount of interstate universal service support that requires funding through the federal universal service support mechanism.
- Carriers should be assessed universal service contribution charges based upon their share of total interstate end user revenues. All eligible telecommunications carriers that serve a wire center where universal service support has been identified would qualify to receive that support on a wire center, per line basis.

C. Implement affordability-based revenue benchmarks Timeframe: July 2000

Section 254(i) of the Act requires the FCC and the States to ensure that universal service is available at affordable rates. The Act correctly contemplated a shared regulatory responsibility for affordable universal service between the States and the FCC. The Joint Board and the Commission should seek to establish affordability-based revenue benchmarks that would trigger the need for universal service support. Establishing affordability-based revenue benchmarks is sound public policy because it overlays customers' ability to pay for

(bear the cost of) universal service. In this final step, universal service support will be made available only when the charges needed to recover actual universal service costs exceed an affordability-based revenue benchmark – this revenue benchmark indicates the level above which the charges would be considered unaffordable from a public policy perspective. Universal service would be considered high cost from a customer's perspective when the prices a company should charge in the market exceed the public policy styled revenue benchmark. An affordability-based revenue benchmark examines whether customers within a particular geographic area should pay for their universal service before relying upon universal service support. This step ensures that customers in other geographic areas within the state or customers in other states are called upon for assistance only after a deliberate examination has been conducted and the need for support is identified. Regulators should provide LECs with the pricing flexibility needed to increase universal service prices when the existing charges are set at levels below the affordability-based revenue benchmark. This will further ensure that universal service support mechanisms are providing support only in those geographic areas where the prices required to recover actual universal service costs are judged to be unaffordable. In the event that state Commissions do not permit LECs to increase universal service prices when these charges are set below the revenue benchmark, the states should ensure explicit funding for the difference between the universal service charges and the affordability-based revenue benchmark. The same would be equally true of the interstate EUCL charges regulated by the FCC.

The FCC should implement (through a Joint Board process) an affordability-based

revenue benchmark as follows:

- Universal service charges should be treated as a monthly household expenditure because it will provide the basis for identifying an affordability threshold from a customer's perspective. Household expenditures, including universal service charges, can be expressed as a percentage of median household income measured over a specific geographic area. This will allow universal service charges to be compared to other household expenditures relative to average customer incomes for the geographic area.

    - Other household expenditures should be examined to determine their level relative to universal service expenditures. Regulators should especially review discretionary household expenditures. This information is readily available through publications by the Bureau of Labor Statistics. Attachment 1 provides tables containing household expenditures related to items that would be considered discretionary and items that would be considered non-discretionary.

- The relationship between household expenditures for discretionary items like those shown in Attachment 1 play an important role in establishing an affordability threshold for a non-discretionary item like universal service. The fact that end users incur household expenditures on average in the 1% - 4% range for everyday discretionary items is a clear indication that these levels of expenditure are considered affordable. From a public policy perspective, an affordability-based revenue benchmark should be set at a level that recognizes the affordability of discretionary items.

- SBC believes that a reasonable affordability-based revenue benchmark would be represented by a universal service household expenditure level equivalent to 1% of county median income levels. Establishing affordability-based revenue benchmarks at a county level will uncover lower income rural and urban areas and conversely will reveal the higher income rural and urban areas. The need for support will be more targeted using county-level revenue benchmarks because they are based upon the average income available to pay for universal service within a smaller geographic area. Attachment 2 contains an example of revenue benchmarks calculated at a county level for the State of Texas. Affordability-based revenue benchmarks equivalent to a household expenditure level of 1% of state median income may be a reasonable alternative from a fallback standpoint if county-level revenue benchmarks are not administratively feasible. The downside to calculating revenue benchmarks at a state level is that it averages the spending capabilities of lower income areas with the spending capabilities of higher income areas. Revenue benchmarks for each state have been calculated and are reflected in Attachment 3.

- Universal service support is required whenever wire center actual universal service costs exceed the affordability-based revenue benchmark (or universal service revenues if the revenues exceed the revenue benchmark). If state Commissions do not allow LECs the flexibility to increase universal service prices when these charges are lower than the revenue benchmark, the states should continue to provide funding for the difference between the universal service charges and the affordability-based revenue benchmark. The same would be equally true of the interstate EUCL charges regulated by the FCC. Low income customers that reside within high income geographic areas will continue to be have a safetynet available in the form of federal and state low income funding programs. If a LEC chooses not to increase its universal service prices to the revenue benchmark it should not be permitted to recover the difference between its charges and the benchmark from the fund.

- Jurisdictional funding responsibility for universal service support should be determined by applying the interstate percentage calculated in Step 1 to the total study area universal service support. The interstate support amount should be funded through the federal universal service support mechanism.

- Carriers should be assessed universal service contribution charges based upon their share of total interstate end user revenues. All eligible telecommunications carriers that serve a wire center where universal service support has been identified would qualify to receive that support on a wire center, per line basis.

Respectfully submitted,

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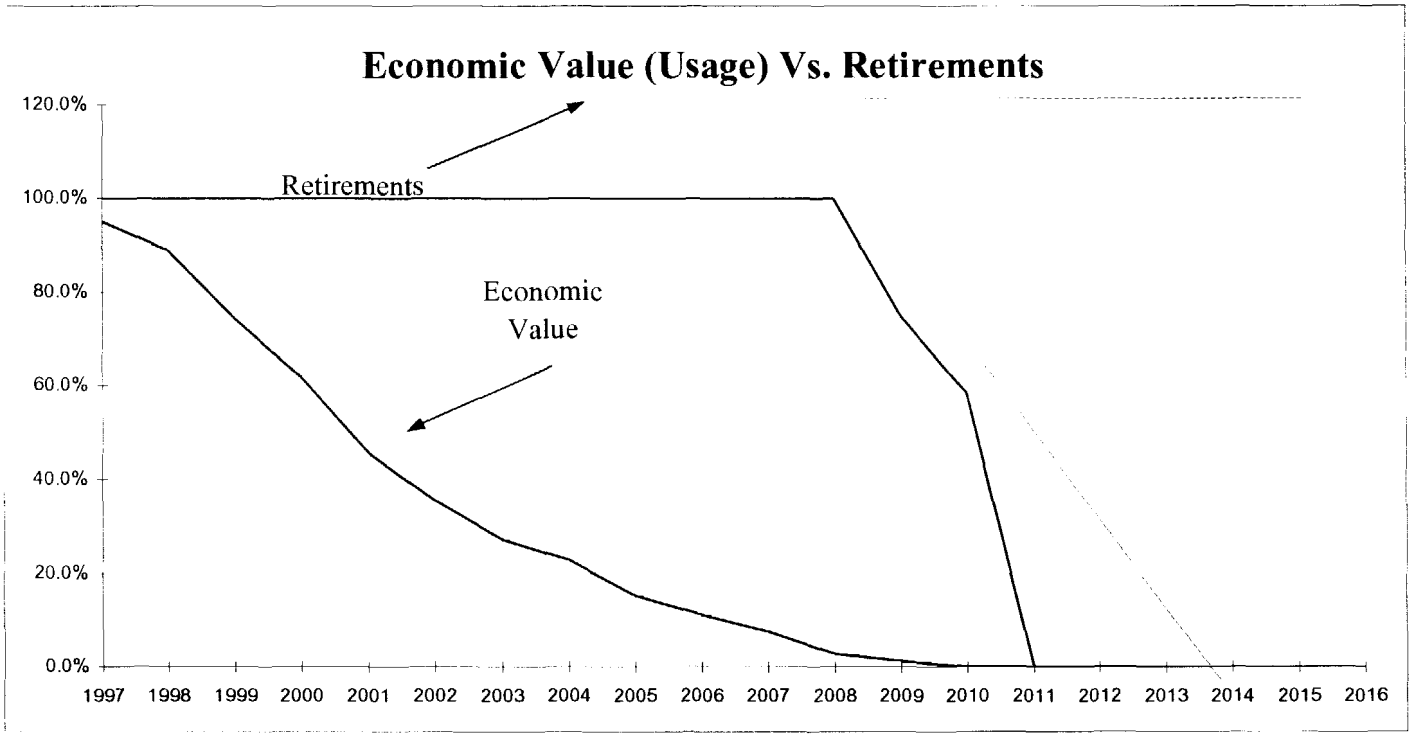
DEPRECIATION DATA ANALYSIS

ACCT.	CATEGORY	1998 ECONOMIC PLIFE RANGE LO	1998 ECONOMIC PLIFE RANGE HI	1998 ECONOMIC FNS RANGE LO	1998 ECONOMIC FNS RANGE HI
2112	MOTOR VEHICLES	8.0	8.0	9	11
2115	GARAGE WORK EQPT.	12.0	12.0	-100	0
2116	OTHER WORK EQPT.	12.0	12.0	0	0
2121	BUILDINGS			4	6
	D&A	45.0	47.0	4	6
	OTHER	30.0	32.0	4	6
	BELL CENTER	75.0	75.0	4	4
2122	FURNITURE	15.0	15.0	0	0
2123.1	OFFICE SUPPORT EQPT.	10.0	10.0	0	0
2123.2	COMPANY COMM. EQPT.	7.0	7.0	0	0
2124	GENERAL PURPOSE COMP.	4.6	6.0	2	2
2211	ANALOG ESS	1.4	3.1	-3	-3
2212	DIGITAL ESS	8.6	9.2	2	2
2215.1	STEP-BY-STEP				
2220	OPERATOR SYSTEMS	6.8	9.6	0	0
2231	RADIO SYSTEMS	3.6	7.5	-5	-5
2232.1	CIRCUIT-DDS	7.0	7.0	-3	-3
2232.1	CIRCUIT-DIGITAL	6.6	7.6	0	0
2232.2	CIRCUIT-ANALOG	7.6	9.9	-5	-5
2311	STATION APPARATUS	5.0	5.0	-2	-2
2341	LARGE PBX	5.0	5.0	-5	-5
2351	PUBLIC TELEPHONE				
2362	OTHER TERMINAL EQUIPMENT	4.0	4.0	-5	-2
2411	POLES	17.0	22.0	-155	-108
2421	AERIAL CABLE-MET.	13.5	16.0	-49	-42
	AERIAL CABLE-NON MET.	20.0	20.0	-25	-25
2422	UNDERGROUND CABLE				
	METALLIC	12.5	15.5	-21	-12
	UND. CA-EXCH. MET.	12.5	15.5	-21	-12
	UND. CA.-TOLL MET.	12.5	15.5	-21	-12
	NON-METALLIC			-20	-20
	UND. CA-EXCH. NON MET.	20.0	20.0	-20	-20
	UND. CA-TOLL NON MET.	20.0	20.0	-20	-20
2423	BURIED CABLE				
	METALLIC	18.0	19.0	-19	-12
	BURIED CA-EXCH. MET.	18.0	19.0	-19	-12
	BURIED CA-TOLL MET.	18.0	19.0	-19	-12
	NON-METALLIC	20.0	20.0	-15	-15
	BURIED CA-EXCH. NON MET.	20.0	20.0	-15	-15
	BURIED CA-TOLL NON MET.	20.0	20.0	-15	-15
2424	SUBMARINE CABLE	22.0	23.0	-21	0
2426	INTRABLDG NTWK CA-MET.	18.0	18.0	-20	-20
	INTRABLDG NTWK. CA-NON MET.	20.0	20.0	-15	-15
2431	AERIAL WIRE	8.0	12.0	-287	-79
2441	CONDUIT SYSTEMS	50.0	50.0	-15	-15

Illustration of Lives Predicted by Loss of Value Pattern Vs. Retirement Pattern



Observations:

Retirements from 1997 to 2008 indicate an infinitely-long life span

Retirements from 2008 to 2010 indicate a life span ending 2014

Not until 2011 do retirements signal the actual end of the life span in 2011

Predictions of declining economic value indicate the end of the life span much more accurately than retirements throughout most of the life span

SCHEDULE 2

Illustration of Lives Predicted by Loss of Value Pattern Vs. Retirement Pattern

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
North	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	0	0	0	0	0	0	0
East	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	0	0	0	0	0	0	0	0
South	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	0	0	0	0	0	0
West	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	0	0	0	0	0	0
Total	7200	7200	7200	7200	7200	7200	7200	7200	7200	7200	7200	7200	5400	4200	0	0	0	0	0	0
North	1150	1100	950	800	700	610	530	460	380	290	190	50	20	0	0	0	0	0	0	0
East	1700	1550	1250	1000	500	150	100	70	40	20	10	0	0	0	0	0	0	0	0	0
South	1700	1550	1250	950	700	610	530	460	380	290	190	50	20	0	0	0	0	0	0	0
West	2300	2200	1900	1700	1400	1200	800	650	300	200	150	100	50	0	0	0	0	0	0	0
Total	6850	6400	5350	4450	3300	2570	1960	1640	1100	800	540	200	90	0	0	0	0	0	0	0
% Usa	95.1%	88.9%	74.3%	61.8%	45.8%	35.7%	27.2%	22.8%	15.3%	11.1%	7.5%	2.8%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Cap	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	75.0%	58.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

HOUSEHOLD EXPENDITURES FOR NON-DISCRETIONARY CATEGORIES

		Median Income for SBC States (est 1996)							
Categories	**Annual Expenditure**	**U.S.**	**Ark.**	**Ca.**	**Ks.**	**Mo.**	**Nev.**	**Ok.**	**Tex.**
Est. 1996 Median HH Income		$ 35,492	$ 27,123	$ 38,812	$ 32,585	$ 34,265	$ 38,540	$ 27,437	$ 33,072
Housing	$ 10,458	29.5%	38.6%	26.9%	32.1%	30.5%	27.1%	38.1%	31.6%
Residential energy	$ 3,414	9.6%	12.6%	8.8%	10.5%	10.0%	8.9%	12.4%	10.3%
Housekeeping supplies	$ 430	1.2%	1.6%	1.1%	1.3%	1.3%	1.1%	1.6%	1.3%
Gasoline and motor oil	$ 1,006	2.8%	3.7%	2.6%	3.1%	2.9%	2.6%	3.7%	3.0%
Food	$ 4,505	12.7%	16.6%	11.6%	13.8%	13.1%	11.7%	16.4%	13.6%

Source: 1995 Consumer Expenditure Survey - Bureau of Labor Statistics

HOUSEHOLD EXPENDITURES FOR DISCRETIONARY CATEGORIES

Categories	Annual Expenditure	Median Income for SBC States (est 1996) U.S.	Ark.	Ca.	Ks.	Mo.	Nev.	Ok.	Tex.
Est. 1996 Median HH Income		$ 35,492	$ 27,123	$ 38,812	$ 32,585	$ 34,265	$ 38,540	$ 27,437	$ 33,072
Entertainment	$ 1,612	4.5%	5.9%	4.2%	4.9%	4.7%	4.2%	5.9%	4.9%
Television, radios, etc.	$ 542	1.5%	2.0%	1.4%	1.7%	1.6%	1.4%	2.0%	1.6%
Food away from home	$ 1,702	4.8%	6.3%	4.4%	5.2%	5.0%	4.4%	6.2%	5.1%
Alcoholic beverages	$ 277	0.8%	1.0%	0.7%	0.9%	0.8%	0.7%	1.0%	0.8%
Tobacco + smoking supplies	$ 269	0.8%	1.0%	0.7%	0.8%	0.8%	0.7%	1.0%	0.8%

Source: 1995 Consumer Expenditure Survey - Bureau of Labor Statistics

AFFORDABILITY-BASED REVENUE BENCHMARKS* COUNTY (TEXAS)

County	Revenue Benchmark	County	Revenue Benchmark
Anderson County	$ 21.35	Brewster County	$ 17.78
Andrews County	$ 25.47	Briscoe County	$ 18.07
Angelina County	$ 21.63	Brooks County	$ 12.86
Aransas County	$ 19.49	Brown County	$ 19.32
Archer County	$ 24.21	Burleson County	$ 19.55
Armstrong County	$ 23.07	Burnet County	$ 21.33
Atascosa County	$ 19.82	Caldwell County	$ 19.79
Austin County	$ 24.21	Calhoun County	$ 22.58
Bailey County	$ 20.51	Callahan County	$ 20.27
Bandera County	$ 23.14	Cameron County	$ 16.16
Bastrop County	$ 23.01	Camp County	$ 18.52
Baylor County	$ 16.91	Carson County	$ 26.71
Bee County	$ 19.41	Cass County	$ 18.88
Bell County	$ 22.09	Castro County	$ 21.25
Bexar County	$ 22.10	Chambers County	$ 29.68
Blanco County	$ 20.44	Cherokee County	$ 18.43
Borden County	$ 30.36	Childress County	$ 17.83
Bosque County	$ 19.52	Clay County	$ 22.74
Bowie County	$ 23.48	Cochran County	$ 19.30
Brazoria County	$ 31.97	Coke County	$ 19.72
Brazos County	$ 22.99	Coleman County	$ 15.46

*All benchmarks were calculated based on universal service expenditures of 1% of state median household income. Source: 1993 U.S. Census Bureau

AFFORDABILITY-BASED REVENUE BENCHMARKS* COUNTY (TEXAS)

County	Revenue Benchmark	County	Revenue Benchmark
Collin County	$ 46.37	Dimmit County	$ 12.81
Collingsworth County	$ 17.10	Donley County	$ 16.58
Colorado County	$ 19.86	Duval County	$ 13.51
Comal County	$ 26.85	Eastland County	$ 15.71
Comanche County	$ 16.95	Ector County	$ 22.60
Concho County	$ 16.89	Edwards County	$ 15.84
Cooke County	$ 22.99	Ellis County	$ 27.73
Coryell County	$ 23.91	El Paso County	$ 19.99
Cottle County	$ 15.12	Erath County	$ 20.72
Crane County	$ 28.66	Falls County	$ 16.41
Crockett County	$ 20.25	Fannin County	$ 19.73
Crosby County	$ 17.67	Fayette County	$ 20.65
Culberson County	$ 16.06	Fisher County	$ 18.73
Dallam County	$ 20.46	Floyd County	$ 20.13
Dallas County	$ 28.06	Foard County	$ 17.40
Dawson County	$ 19.44	Fort Bend County	$ 40.59
Deaf Smith County	$ 21.75	Franklin County	$ 21.58
Delta County	$ 18.41	Freestone County	$ 20.78
Denton County	$ 36.68	Frio County	$ 14.14
DeWitt County	$ 18.37	Gaines County	$ 22.89
Dickens County	$ 14.46	Galveston County	$ 28.25

*All benchmarks were calculated based on universal service expenditures of 1% of state median household income. Source: 1993 U.S. Census Bureau

AFFORDABILITY-BASED REVENUE BENCHMARKS*
COUNTY (TEXAS)

County	Revenue Benchmark	County	Revenue Benchmark
Garza County	$ 19.08	Hemphill County	$ 29.68
Gillespie County	$ 21.98	Henderson County	$ 19.60
Glasscock County	$ 28.22	Hidalgo County	$ 15.09
Goliad County	$ 20.04	Hill County	$ 18.70
Gonzales County	$ 16.81	Hockley County	$ 23.82
Gray County	$ 24.11	Hood County	$ 27.95
Grayson County	$ 23.48	Hopkins County	$ 20.23
Gregg County	$ 23.88	Houston County	$ 17.86
Grimes County	$ 19.58	Howard County	$ 21.29
Guadalupe County	$ 25.27	Hudspeth County	$ 16.17
Hale County	$ 20.69	Hunt County	$ 23.11
Hall County	$ 14.40	Hutchinson County	$ 26.17
Hamilton County	$ 17.50	Irion County	$ 24.23
Hansford County	$ 26.91	Jack County	$ 20.10
Hardeman County	$ 17.64	Jackson County	$ 21.20
Hardin County	$ 24.77	Jasper County	$ 19.71
Harris County	$ 28.75	Jeff Davis County	$ 20.26
Harrison County	$ 21.29	Jefferson County	$ 23.79
Hartley County	$ 31.31	Jim Hogg County	$ 15.49
Haskell County	$ 17.91	Jim Wells County	$ 17.24
Hays County	$ 25.53	Johnson County	$ 27.18

*All benchmarks were calculated based on universal service expenditures of 1% of state median household income. Source: 1993 U.S. Census Bureau

AFFORDABILITY-BASED REVENUE BENCHMARKS*
COUNTY (TEXAS)

County	Revenue Benchmark	County	Revenue Benchmark
Jones County	$ 18.06	Lipscomb County	$ 24.23
Karnes County	$ 16.14	Live Oak County	$ 20.70
Kaufman County	$ 24.94	Llano County	$ 18.02
Kendall County	$ 28.82	Loving County	$ 21.58
Kenedy County	$ 16.30	Lubbock County	$ 22.96
Kent County	$ 18.72	Lynn County	$ 19.67
Kerr County	$ 21.22	McCulloch County	$ 16.12
Kimble County	$ 17.07	McLennan County	$ 22.09
King County	$ 27.26	McMullen County	$ 24.86
Kinney County	$ 14.73	Madison County	$ 18.11
Kleberg County	$ 20.66	Marion County	$ 14.72
Knox County	$ 17.12	Martin County	$ 22.06
Lamar County	$ 20.95	Mason County	$ 16.07
Lamb County	$ 19.60	Matagorda County	$ 23.45
Lampasas County	$ 21.25	Maverick County	$ 11.85
La Salle County	$ 14.68	Medina County	$ 21.43
Lavaca County	$ 19.79	Menard County	$ 13.78
Lee County	$ 22.25	Midland County	$ 28.77
Leon County	$ 19.03	Milam County	$ 19.00
Liberty County	$ 22.51	Mills County	$ 17.30
Limestone County	$ 18.18	Mitchell County	$ 17.70

*All benchmarks were calculated based on universal service expenditures of 1% of state median household income. Source: 1993 U.S. Census Bureau

AFFORDABILITY-BASED REVENUE BENCHMARKS* COUNTY (TEXAS)

County	Revenue Benchmark	County	Revenue Benchmark
Montague County	$ 18.31	Rains County	$ 20.12
Montgomery County	$ 31.25	Randall County	$ 32.04
Moore County	$ 26.28	Reagan County	$ 27.82
Morris County	$ 18.39	Real County	$ 15.36
Motley County	$ 17.63	Red River County	$ 15.54
Nacogdoches County	$ 19.82	Reeves County	$ 17.46
Navarro County	$ 19.77	Refugio County	$ 20.02
Newton County	$ 16.69	Roberts County	$ 28.94
Nolan County	$ 19.16	Robertson County	$ 16.42
Nueces County	$ 23.92	Rockwall County	$ 39.07
Ochiltree County	$ 26.39	Runnels County	$ 17.95
Oldham County	$ 27.61	Rusk County	$ 20.94
Orange County	$ 25.44	Sabine County	$ 16.60
Palo Pinto County	$ 19.75	San Augustine County	$ 14.47
Panola County	$ 21.48	San Jacinto County	$ 18.79
Parker County	$ 28.07	San Patricio County	$ 21.79
Parmer County	$ 22.60	San Saba County	$ 15.24
Pecos County	$ 20.07	Schleicher County	$ 21.61
Polk County	$ 18.17	Scurry County	$ 23.40
Potter County	$ 19.12	Shackelford County	$ 19.64
Presidio County	$ 11.60	Shelby County	$ 17.26

*All benchmarks were calculated based on universal service expenditures of 1% of state median household income. Source: 1993 U.S. Census Bureau

AFFORDABILITY-BASED REVENUE BENCHMARKS*
COUNTY (TEXAS)

County	Revenue Benchmark	County	Revenue Benchmark
Sherman County	$ 26.43	Uvalde County	$ 16.39
Smith County	$ 24.15	Val Verde County	$ 17.44
Somervell County	$ 25.87	Van Zandt County	$ 20.16
Starr County	$ 10.19	Victoria County	$ 24.87
Stephens County	$ 18.27	Walker County	$ 23.19
Sterling County	$ 24.68	Waller County	$ 21.78
Stonewall County	$ 18.79	Ward County	$ 22.03
Sutton County	$ 21.98	Washington County	$ 23.26
Swisher County	$ 20.51	Webb County	$ 17.12
Tarrant County	$ 31.56	Wharton County	$ 22.53
Taylor County	$ 23.04	Wheeler County	$ 19.51
Terrell County	$ 19.14	Wichita County	$ 23.33
Terry County	$ 22.02	Wilbarger County	$ 20.23
Throckmorton County	$ 19.15	Willacy County	$ 14.05
Titus County	$ 19.87	Williamson County	$ 33.73
Tom Green County	$ 22.97	Wilson County	$ 23.58
Travis County	$ 28.68	Winkler County	$ 22.20
Trinity County	$ 16.55	Wise County	$ 24.81
Tyler County	$ 18.92	Wood County	$ 19.45
Upshur County	$ 20.69	Yoakum County	$ 26.72
Upton County	$ 23.92	Young County	$ 20.63
Zapata County	$ 14.70	Zavala County	$ 11.07

*All benchmarks were calculated based on universal service expenditures of 1% of state median household income. Source: 1993 U.S. Census Bureau

AFFORDABILITY-BASED REVENUE BENCHMARKS*
STATES

State	Revenue Benchmark	State	Revenue Benchmark
Alabama	$ 25.25	Maryland	$ 36.66
Alaska	$ 43.98	Massachusetts	$ 32.91
Arizona	$ 26.36	Michigan	$ 32.69
Arkansas	$ 22.60	Minnesota	$ 34.16
California	$ 32.34	Mississippi	$ 22.23
Colorado	$ 34.13	Missouri	$ 28.55
Connecticut	$ 35.10	Montana	$ 23.90
Delaware	$ 32.76	Nebraska	$ 28.35
District of Columbia	$ 26.64	Nevada	$ 32.12
Florida	$ 25.53	New Hampshire	$ 32.84
Georgia	$ 27.08	New Jersey	$ 39.56
Hawaii	$ 34.81	New Mexico	$ 20.91
Idaho	$ 28.92	New York	$ 29.51
Illinois	$ 32.96	North Carolina	$ 29.67
Indiana	$ 29.29	North Dakota	$ 26.23
Iowa	$ 27.67	Ohio	$ 28.39
Kansas	$ 27.15	Oklahoma	$ 22.86
Kentucky	$ 27.01	Oregon	$ 29.58
Louisiana	$ 25.22	Pennsylvania	$ 29.08
Maine	$ 28.91	Rhode Island	$ 30.82

*All revenue benchmarks were calculated based on universal service expenditures of 1% of state median household income. Source: U.S. Census Bureau, 1996 Median Income

AFFORDABILITY-BASED REVENUE BENCHMARKS*
STATES

State	Revenue Benchmark	State	Revenue Benchmark
South Carolina	$ 28.89	Virginia	$ 32.68
South Dakota	$ 24.61	Washington	$ 30.56
Tennessee	$ 25.66	West Virginia	$ 21.04
Texas	$ 27.56	Wisconsin	$ 33.33
Utah	$ 30.87	Wyoming	$ 25.79
Vermont	$ 26.97		

*All revenue benchmarks were calculated based on universal service expenditures of 1% of state median household income. Source: U.S. Census Bureau, 1996 Median Income

Certificate of Service

I, Mary Ann Morris, hereby certify that the foregoing, "Comments of Southwestern Bell Telephone Company, Pacific Bell and Nevada Bell" in Docket Nos. 96-45 and 97-160 has been filed this 1st day of June, 1998 to the Parties of Record.

Mary Ann Morris

Mary Ann Morris

June 1, 1998

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